

**CLOVERPORT INDEPENDENT SCHOOLS'  
ADMINISTRATION OF BRECKINRIDGE COUNTY'S  
ADULT EDUCATION GRANTS FROM THE COUNCIL ON  
POSTSECONDARY EDUCATION AND KENTUCKY  
ADULT EDUCATION**

**For The Period  
July 1, 2008 Through June 30, 2009**



**CRIT LUALLEN  
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CRIT LUALLEN  
AUDITOR OF PUBLIC ACCOUNTS

September 14, 2010

Reecie Stagnolia, Vice President  
Kentucky Adult Education  
Council on Postsecondary Education  
1024 Capital Center Drive, Suite 250  
Frankfort, KY 40601

John Millay, Superintendent  
Cloverport Independent Schools  
214 West Main Street  
Cloverport, KY 40111

Re: Adult Education Grants

Dear Mr. Stagnolia and Dr. Millay:

This report contains the results of the performance audit of Cloverport Independent Schools' administration of the Breckinridge County adult education grant for the fiscal year (FY) ending June 30, 2009. The Council on Postsecondary Education and Kentucky Adult Education contracted with this office to conduct performance audits of selected local adult education programs. This report represents our findings, recommendations, and the program's responses.

The Auditor of Public Accounts conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We greatly appreciate the courtesies and cooperation extended to our staff during the audit.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Crit Luallen", written over a horizontal line.

Crit Luallen  
Auditor of Public Accounts



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**CLOVERPORT INDEPENDENT SCHOOLS' ADMINISTRATION OF  
BRECKINRIDGE COUNTY'S ADULT EDUCATION GRANTS FROM THE  
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EDUCATION AS OF JUNE 30, 2009**

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**EXECUTIVE SUMMARY**

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**PURPOSE AND SCOPE**

The Council on Postsecondary Education (CPE) and Kentucky Adult Education (KYAE) selected the Breckinridge County adult education program for a limited scope performance audit of its adult education grant. The Cloverport Independent Schools is responsible for the administration of this grant. An on-site review was conducted on May 11, 2010, through May 12, 2010, to address the following objectives:

- Determine whether the local program's expenditures comply with the terms of their grant agreement and reconcile to invoices submitted.
- Reconcile student and faculty data electronically submitted to KYAE through the Adult Education Reporting Information Network (AERIN).
- Determine whether the local program's professional development activities comply with the FY 2008-2009 professional development policies and procedures.
- Report internal control weaknesses identified during our audit that relate to the audit's objectives.

To accomplish these objectives, the performance audit team reviewed the Policy and Procedure Manual for Kentucky Adult Education, as well as the local program's grant proposal and final agreement with KYAE. During the on-site review, the audit team reviewed the program's accounting records (trial balance/general ledger), interviewed program administrators regarding internal controls related to the above grants, and tested samples of expenditure documentation, participant files, and personnel files for compliance with applicable requirements. Below is the summary of findings:

<b>Finding</b>	<b>Disallowed Costs</b>
There were variances in six cost categories between the KYAE-10 Expenditure Reports and the provider's financial records. This situation makes it difficult to determine compliance with the approved budget limitations in these cost categories.	N/A
Participants aged 16 to 18 years must provide official documentation of withdrawal from school in order to be eligible. Two participant files did not contain an applicable withdrawal statement.	N/A
One participant's initial formal assessment was missing so eligibility for the adult education program is cannot be determined.	N/A
Six participant files did not contain evidence to support that goals were met as reported in AERIN.	N/A
Three participant files did not contain sufficient evidence to support their attendance hours recorded in AERIN.	N/A
The Program Director's file did not have documentation to support compliance with KYAE professional development training requirements.	N/A
One instructor did not have evidence of a bachelor's degree on file.	N/A

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## **RESULTS AND RECOMMENDATIONS**

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### **FINANCIAL REPORTING AND COMPLIANCE**

#### **Scope and Methodology**

The KYAE-10 Expenditure Reports were compared to the line item budget approved in the final agreement. This comparison was used to determine whether the program's reimbursements complied with the approved budget.

The KYAE-10 Expenditure Reports were then compared to the local program's internally generated financial records. This comparison was used to determine whether the program's accounting records support the total amount requested for reimbursement on the KYAE-10 Expenditure Reports.

#### **Findings**

While the provider's financial records supported the KYAE-10 Expenditure Reports in total, there were six variances between the cost categories on the KYAE-10 Expenditure Reports and the program's financial records. The following table illustrates our findings in this area.

<b>Cost Categories</b>	<b>KYAE-10 Expenditure Report 6/30/09</b>	<b>Program's Financial Records 6/30/09</b>	<b>Difference</b>
<b>*Core Services</b>			
<i>Administrative Personnel</i>	\$22,524	\$22,732	(\$208)
<i>Other Administrative Costs</i>	\$355	\$619	(\$264)
<i>Instructional Personnel</i>	\$115,363	\$114,116	\$1,247
<i>Other Instructional Costs</i>	\$1,920	\$2,610	\$690
<i>Operating Costs</i>	\$4,828	\$4,958	(\$130)
<i>Equipment Costs</i>	\$6,788	\$6,788	\$0
<i>GED/Refreshments</i>	\$750	\$705	\$45
<b>*Professional Development</b>	\$1,668	\$1,668	\$0
<b>*Performance Funding</b>	\$2,512	\$2,512	\$0
<b>Totals</b>	<b>\$156,708</b>	<b>\$156,708</b>	<b>\$0</b>



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**Recommendations**

We recommend that the MUNIS account system should reconcile with the KYAE-10 Expenditure Report categories. At a minimum, the program needs to establish a chart of accounts that can be used to reconcile the two reports. This chart of accounts should be used consistently during the grant period to prepare the KYAE-10 Expenditure Reports each month and at year-end. The chart of accounts should remain the same during the year to ensure that exceptions are not made to avoid the budget limits of a particular cost category. A listing of any expenditures recorded in one MUNIS account but split between two or more KYAE-10 categories should be maintained to explain variances.

**Program Response – [A draft report was provided to program management to request their comments and any planned corrective actions related the finding. Program management was given a reasonable amount of time to adequately respond to this request.]**

The Breckinridge County Adult Education program has established a chart of accounts that is used to reconcile the KYAE-10 and MUNIS. Permission to spend any leftover monies was granted which caused some line items to be overspent but not grant amounts. Authorization was also given to spend these monies without amending the budget. This chart will be reviewed monthly by the program director and a hard copy will be kept on file.

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**PARTICIPANT ELIGIBILITY AND RECORD KEEPING**

**Scope and Methodology**

A total of 46 participants were selected randomly from the electronic student data sent from KYAE. Documentation maintained in the participant files was compared to the electronic student data. We examined the files for the following:

- Proper eligibility documentation.
- Proper assessment testing.
- Evidence to support the achievement of goals/objectives reported to KYAE.
- Other requirements based upon the applicable program requirements.

The participants tested received services during the period from July 1, 2008 through June 30, 2009.

**Findings**

Proper file maintenance and accurate data entry is important to support and document participant data submitted electronically in AERIN. Programs are to maintain assessment forms on file for three years. Any achievement or completion of goals should be documented. The following exceptions were noted:

- Participants aged 16 to 18 years must provide official documentation of withdrawal from school in order to be eligible. Two participant files did not contain an applicable withdrawal statement.
- One participant's initial formal assessment was missing so eligibility for the adult education program is cannot be determined.
- Six participant files did not contain evidence to support that goals were met as reported in AERIN.
- Three participant files did not contain sufficient evidence to support their attendance hours recorded in AERIN.

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**Recommendations**

We recommend the program create a checklist for participant files to facilitate a periodic review of the contents to ensure that the required documentation is being maintained. The person entering participant data should require documentation for any data entry performed on a participant and any deficiencies should be reported to the Program Director.

**Program Response – [A draft report was provided to program management to request their comments and any planned corrective actions related the finding. Program management was given a reasonable amount of time to adequately respond to this request.]**

The Breckinridge County Adult Education program will establish and maintain standardized enrollment, attendance and progress testing forms as well as a checklist of required documents for each student file. Checklists will be kept in student files and initialed by instructional staff.

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## **PAYROLL AND STAFF REQUIREMENTS**

### **Scope and Methodology**

A sample of payroll disbursements was judgmentally selected for payroll testing. Documentation of hours worked was examined for existence and approval. Personnel files were examined to verify that staff had received the required professional development training hours and had the proper educational credentials required for their position.

### **Findings**

Instructors, instructor aides and program directors working fewer than 20 hours per week are not required to complete a Professional Development Plan, but they are required to earn 2 hours of professional development training. In addition, all program directors, regardless of the number of hours worked, are required to attend the August 2008 Program Directors Fall Institute. The Program Director's file did not have documentation to support compliance with KYAE professional development training requirements.

CPE and KYAE require all instructors hired after July 1998 to have a bachelor's degree. One instructor did not have evidence of a bachelor's degree on file.

### **Recommendations**

We recommend that instructors receive at least the required hours of professional development training. In addition, this training should include the professional development activities required by KYAE. Documentation of the completion of professional development training should be maintained in the employee's file.

We recommend that the program ensure that all instructors have the required credentials prior to hiring and that this information is obtained and maintained in the employee's file.

**Program Response – [A draft report was provided to program management to request their comments and any planned corrective actions related the finding. Program management was given a reasonable amount of time to adequately respond to this request.]**

Documentation of instructor's bachelor's degree will be collected and placed in personnel file - all hired staff do have degrees. Documentation of professional development activities will be collected by the program director and kept in employee file.

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**PURCHASING/EXPENDITURE COMPLIANCE**

**Scope and Methodology**

A sample of 4 expenditures, representing at least 20 percent of the total purchases, was selected judgmentally from the detailed general ledger. These expenditures were tested for authorization/approval, supporting documentation, and proper recording. We also verified that the expenditures were made during the grant period from July 1, 2008 through June 30, 2009.

**Findings**

No exceptions were noted.

**PROFESSIONAL DEVELOPMENT REIMBURSEMENT COMPLIANCE**

**Scope and Methodology**

Professional development expenditures were tested for proper authorization, supporting documentation, and adherence to approved rates and reimbursement policies. A sample of 2 expenditures, representing at least 20 percent of the total professional development expenditures, was selected judgmentally from the detailed general ledger.

**Findings**

No exceptions were noted.

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**INTERNAL CONTROLS RELATING TO GRANT**

**Scope and Methodology**

Cloverport Independent Schools' Program Director was given an Internal Control Questionnaire regarding the controls in place for expenditures, bank reconciliations, revenue, and payroll. The questionnaire was completed by the program director and/or the fiscal administrator and reviewed by the audit team for any significant control deficiencies.

**Findings**

No significant control deficiencies were noted.

